

SpaceX Employee Guide

Mitigating Capital Gains Taxes

For years now, you've been paid with ISO, RVUs, and Stock. With the pending IPO, you'll have the ability to sell more stock than normally allowed with your bi-annual SpaceX buyback. This opportunity raises its own issues so here's a guide on how to navigate this as efficiently as possible.

Before you sell there are two important goals to consider:

1. **De-risk** (reduce single-company exposure and concentration risk)
2. **Manage taxes** (don't donate 40% unnecessarily!)

1 Decide How Much to Sell

Before strategies, you need a **sell framework**.

Common starting point (adjustable):

- **30–50% sold at first liquidity**
- Remaining shares staged over 2–5 years

This spreads out taxes, keeps your tax bracket lower, reduces risk of regret, and preserves upside participation (future gains)

2 Tax-Aware Sale Execution (Non-Negotiable)

Before you sell anything:

- **Prioritize Long-Term Capital Gains**
 - Ensure LTCG holding periods are met
 - Avoid selling short-term stock (anything owned less than 365 days)
- **Stagger Sales Across Tax Years**
 - IPO year income is often already inflated
 - Even 1–2 months of timing can matter
- **Pair Sales with Tax Mitigation Opportunities and Strategies**

3 Tax Mitigation Opportunities and Strategies

Direct indexing (Tax Loss Harvesting)

- Tax-loss harvesting opportunities that reduce capital gains
- Portfolio customization flexibility
- Potential after-tax return enhancement

Charitable contributions

- Donor Advised Fund
 - Immediate tax deduction
 - Flexible giving schedule
 - Tax-free investment growth
- Charitable Remainder Trust
 - Income stream for life
 - Capital gains tax deferral
 - Estate tax reduction

Qualified Opportunity Zones (QOZ)

- Defers capital gains tax
- Potential tax-free growth
- Long-term investment incentives

Intangible Drilling Costs (IDCs)

- Immediate tax deduction
- Reduces taxable income (W2 and 1099)
- Improves cash flow

Deferred Sales Trust (DST)

- Defers capital gains tax
- Provides flexible payout options
- Preserves investment principal

4 Final Thought (This Is the Big One)

The mistake isn't paying taxes. It's selling too much too fast, reinvesting without a plan and not understanding the tradeoffs. There are a wide variety of strategies available that can be used in unique ways specific to your unique needs.

You're doing the hard part now — thinking ahead.

If you'd like a free consultation to discuss how to implement any of these strategies and prevent paying extra in taxes, you can schedule here:



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